

STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Governor's Office of Elderly Affairs
Executive Department
State of Louisiana
Baton Rouge, Louisiana**

May 28, 2003



Financial and Compliance Audit Division

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**GOVERNOR'S OFFICE OF ELDERLY AFFAIRS
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA**
Baton Rouge, Louisiana

Procedural Report
Dated May 9, 2003

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

May 28, 2003



OFFICE OF
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May 9, 2003

GOVERNOR'S OFFICE OF ELDERLY AFFAIRS
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Governor's Office of Elderly Affairs. Our procedures included (1) a review of the office's internal controls; (2) tests of financial transactions for the years ending June 30, 2003, and June 30, 2002; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 2003, and June 30, 2002; and (4) a review of compliance with the prior report recommendations. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected office personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Reports of the Governor's Office of Elderly Affairs were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. The office's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior report on the Governor's Office of Elderly Affairs, dated December 6, 2001, we reported seven findings. The current year status of these findings is listed below.

Resolved by Management

- Insufficient On-Site Monitoring Procedures for Aging Cluster Subrecipients
- Aging Cluster Program: Unsupported Allocation of Payroll Expenditures to the Program
- Weaknesses in Internal Control
- Ineffective Internal Audit Function
- Federal Cash Management Control Weaknesses
- Inaccurate Federal Financial Reporting

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GOVERNOR'S OFFICE OF ELDERLY AFFAIRS EXECUTIVE DEPARTMENT STATE OF LOUISIANA

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Not Resolved by Management

- Ineffective Monitoring of Subrecipient Audit Reports

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Ineffective Monitoring of Subrecipient Audit Reports

For the second consecutive audit, the Governor's Office of Elderly Affairs (GOEA) is not effectively performing the procedures required by the federal government for monitoring the activities of subrecipients. Office of Management and Budget (OMB) Circular A-133 requires the pass-through entity to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure that the subrecipient takes appropriate and timely corrective action.

A review of 37 audit reports submitted to GOEA for the fiscal year ended June 30, 2001, disclosed that the GOEA had not reviewed and closed 16 of the audit reports within six months of the receipt of the reports. Four reports were closed 45 days to 7 months after receipt and 12 reports were not closed as of February 10, 2003.

This condition existed because GOEA management did not implement procedures to ensure that audit reports are reviewed and resolved in a timely manner. Failure to determine that these audit reports are reviewed and findings, if any, are resolved in a timely manner increases the risk that program funds will not be expended in accordance with applicable state and federal laws and regulations.

The GOEA should timely review subrecipient audit reports to identify and resolve audit findings and questioned costs. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1.)

Leave Adjustment Not Properly Supported

The GOEA did not maintain adequate leave records to support the adjustment to increase the executive director's annual and sick leave balances. Executive Order MJF 98-21, Section 21, requires leave records to be maintained for all unclassified appointees. By not having adequate supporting leave records, the department may have granted leave for which the employee is not entitled.

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The Office of the Governor reviewed the leave status of the executive director and determined that he had not been in the correct leave earning status, in that the executive director should have been earning leave and should have been taking leave when away from the office for personal or sick reasons from the date that the executive director was hired (March 2, 1998). On August 9, 2002, the Office of the Governor authorized the GOEA to correct the executive director's leave balances. The GOEA computed a net adjustment of leave earned and taken for the period March 2, 1998, to July 22, 2002, of 389.5 hours of annual leave and 197.5 hours of sick leave. Our review of this adjustment disclosed that the GOEA executive director did not begin keeping leave records until August 14, 2000. For the adjustment, 234 hours of annual and 234 hours of sick leave were earned during the period March 2, 1998, to August 14, 2000. Also, during this time, the executive director remembered that he was unavailable for work for approximately 136 hours due to illness. Therefore, the net adjustment for 234 hours of annual leave and 98 hours of sick leave for the period March 2, 1998, to August 14, 2000, are not supported by leave records.

The executive director's leave balances should be decreased by the 234 hours of annual leave and 98 hours of sick leave that are not supported by leave records. Management did not concur with the finding and recommendation (see Appendix A, pages 2-3).

Additional Comments: Management responded that leave is recorded when taken and the absence of a leave record presumes that no leave, as defined in the executive order, was taken. However, for the period March 2, 1998, to August 14, 2000, the adjustment of 234 hours of sick leave earned was decreased by approximately 136 hours due to illness because the executive director remembered that he was unavailable for work. There were no leave records for the 136 hours. No annual leave was charged to the executive director during this 28½ month period. Without leave records, we could not determine if there were other instances of leave taken that were not recorded.

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvement to the operations of the office. The varying nature of the recommendations, their implementation costs, and their potential impact on operations of the office should be considered in reaching decisions on courses of action. The findings, which relate to the office's compliance with applicable laws and regulations, should be addressed immediately by management.

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EXECUTIVE DEPARTMENT
STATE OF LOUISIANA**

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This report is intended solely for the information and use of the office and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

JES:STD:THC:ss

[GOEA03]

Appendix A

Management's Corrective Action Plans and Responses to the Findings and Recommendations



M. J. "MIKE" FOSTER, JR.
GOVERNOR

STATE OF LOUISIANA
GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

P. O. Box 80374

Baton Rouge, LA 70898-0374

(225) 342-7100

FAX (225) 342-7133

March 10, 2003

Mr. Grover C. Austin, CPA
First Assistant Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Austin:

Finding:
Ineffective Monitoring of subrecipients Audit Reports

Response:
The agency agrees with the finding. The failure to timely review these audits was caused primarily by two factors. One auditor has been ill and absent from work. Another auditor was confused as to when to initially respond to the audits.

Corrective Action:
The agency does have procedures in place to ensure that subrecipients receive audits, not only in accordance with OMB Circular A-133, but also as required under state law. The reassignment of audit reviews among the staff and a planned training on the Audit Review guide and the reviewing audit reports should ensure the timely review of future audits.

Contact Person: Corlis Green

Anticipated Completion Date: March 10, 2003

Sincerely,

A handwritten signature in black ink, appearing to read "P.F. Arceneaux, Jr.", written over a horizontal line.

P.F. "Pete" Arceneaux, Jr., Executive Director



M. J. "MIKE" FOSTER, JR.
GOVERNOR

STATE OF LOUISIANA
GOVERNOR'S OFFICE OF ELDERLY AFFAIRS
P. O. Box 80374

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March 27, 2003

Mr. Grover C. Austin, CPA
First Assistant Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Austin:

Finding:
Leave Adjustment Not Properly Supported

Response:

The agency does not agree with the finding. Executive Order No. MJF 98-23, as amended, sets forth the formal policy and rules for most unclassified officers and employees in the executive branch of the state of Louisiana.

The leave policy recognizes that senior staff of the Office of the Governor are annual salaried employees instead of hourly employees. They do not work only in the office, work only during weekday public office hours, or earn compensatory leave even though extraordinary hours may be worked. Pursuant to MJF 98-23, senior staff are required to be on duty, available to serve, and in contact with the Office of the Governor and/or its officers and/or employees, twenty-four hours day, seven days a week, without regard to vacations, holidays, or weekends. Therefore, pursuant to MJF 98-23, these senior staff take or use leave only when they are unavailable to serve the Governor as a result of voluntary or involuntary conditions, performing political activities, or performing for compensation non-appointment activities, duties, or work, during weekday public office hours.

Under the leave policy, if during weekday public office hours a senior staff member of the Office of the Governor is not performing work related duties and is voluntarily or involuntarily unavailable to serve or to be contacted by the office, the senior staff member is to take leave for the period of unavailability during weekday public office hours.

Section 21 of MJF 98-23 requires unclassified appointees to maintain leave records only. There is no requirement to maintain attendance records. Leave is recorded when taken. The absence of a leave record presumes that no leave, as defined in the executive order, was taken.

Corrective Action:
No corrective action is required.

Contact Person: Bobby Fontenot

Anticipated Completion Date: N/A

Sincerely,

A handwritten signature in black ink, appearing to read 'Pete Arceneaux, Jr.', with a stylized flourish at the end.

P.F. "Pete" Arceneaux, Jr., Executive Director